

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 2316

January 25, 2012

SUMMARY OF BILL: Requires local boards of education to offer pre-K programs. Requires the Commissioner of Education to recommend an annual funding level sufficient to provide classroom space for all pre-K students.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures - \$183,147,000

Increase Local Expenditures - \$50,572,100

Assumptions:

- Tennessee's current pre-K program is voluntary.
- According to the Department of Education (DOE), universal pre-K is calculated on a 70 percent participation rate due to the other programs currently serving additional pre-K students.
- Currently there are 83,000 four-year olds in Tennessee. A 70 percent participation rate would be 58,100 students ($83,000 \times 70\%$).
- Currently, 18,000 students participate in the pre-K system. To reach a 70 percent participation rate, an additional 40,100 students will need to enroll ($58,100 - 18,000$).
- At 20 students per classroom, an additional 2,005 classrooms will be required ($40,100 / 20$).
- According to DOE, each classroom currently results in \$90,619 in state expenditures. An additional 2,005 classrooms will increase state expenditures \$181,691,095 ($\$90,619 \times 2,005$).
- Currently, DOE program evaluators inspect the existing classrooms. Adding the requisite pre-K classrooms will result in additional childcare program evaluators. Each evaluator will inspect 100 sites annually. To serve 2,005 additional classrooms, DOE will require 20 additional evaluators ($2,005/100$). Each additional evaluator will increase state expenditures by \$72,797 (salary \$46,000; benefits \$12,797; travel \$10,000; and supplies \$4,000). The increase in state expenditures for personnel will be \$1,455,940 ($\$72,797 \times 20$).
- The total increase in state expenditures for classrooms and personnel will be \$183,147,035 ($\$181,691,095 + \$1,455,940$).

- Local education agencies (LEAs) must match pre-K state expenditures based on their BEP classroom component local match requirement.
- LEAs are authorized to match state expenditures through cash or in-kind contributions such as use of non-LEA classrooms and instructional materials. However, the amount of future in-kind contributions is unknown.
- According to DOE, the average pre-K LEA match is \$25,223 per classroom. To fund an additional 2,005 classrooms, the local increase in expenditures will be \$50,572,115 (\$25,223 x 2,005).
- LEAs will use cash for their required pre-K match.
- State BEP and local BEP match expenditures are not impacted.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise". The signature is fluid and cursive, with the first name "Lucian" written in a larger, more prominent script than the last name "Geise".

Lucian D. Geise, Executive Director

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